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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JULY 12, 2000

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

Ex Parte: In the matter concerning CASE NO. PUE000346
a draft plan for retail electric
metering and billing services

ORDER PRESCRIBING NOTICE AND INVITING COMMENTS

The General Assembly enacted § 56-581.1 of the Virginia Electric Utility Restructuring Act (the "Act"), Chapter 23 (§ 56-576 et seq.) of Title 56 of the Code of Virginia (the "Code"), effective July 1, 2000. The statute directs the State Corporation Commission ("Commission") to recommend to the Legislative Transition Task Force, on or before January 1, 2001, and after notice and an opportunity for hearing, whether metering services, billing services, or both, may be provided by persons licensed to provide such services. The Commission is to recommend to the Legislative Transition Task Force "the appropriateness of and date of commencement of" the competitive provision of electric metering or billing services. The statute further directs the Commission to develop a draft plan for implementation to be presented to the Legislative Transition

Task Force that may vary by service, type of seller, region, incumbent electric utility, and customer group.

Section 56-581.1 of the Code requires that the Commission's recommendation and draft plan:

- (1) [b]e consistent with the goal of facilitating the development of effective competition in electric service for all customer classes;
- (2) [t]ake into account the readiness of customers and suppliers to buy and sell such services;
- (3) [t]ake into account the technological feasibility of furnishing any such services on a competitive basis;
- (4) [t]ake into account whether reasonable steps have been or will be taken to educate and prepare customers for the implementation of competition for any such services;
- (5) [n]ot jeopardize the safety, reliability or quality of electric service;
- (6) [c]onsider the degree of control exerted over utility operations by utility customers;
- (7) [n]ot adversely affect the ability of an incumbent electric utility authorized or obligated to provide electric service to customers who do not buy such services from competitors to provide electric service to such customers at reasonable rates; and
- (8) [g]ive due consideration to the potential effects of such determinations on utility tax collection by state and local governments in the Commonwealth.

Pursuant to this statutory directive, the Commission establishes this proceeding to assist in the development of a recommendation and draft plan pertaining to retail billing and metering services. To this end, our Staff has proposed discussion draft plans and issues related to implementation, based on the statutory requirements imposed by § 56-581.1 of the Code, that are intended to initiate the development of the

recommendation and draft plan we will present to the Legislative Transition Task Force. These discussion draft plans and issues are attached hereto and identified as Attachment 1 and Attachment 2 (collectively the "Attachments").¹ The Attachments may serve as a basis for deliberation and provide a framework from which the Commission can generate discussion and elicit comments from interested parties. Consequently, the Commission seeks public comment on the Attachments. Interested parties are requested to evaluate and respond to the discussion draft plans and associated issues contained in the Attachments hereto, to suggest alternatives to any provision of the discussion draft plans, and to supplement the issues list as they believe advisable.

As an organizational matter, comments in response to the Attachments should be specific and correspond to the structure of the discussion draft plans and questions provided in the Attachments to the Order. Any interested party also may request that the Commission hold a hearing to address competitive metering and billing service implementation issues and the discussion draft plans. At the conclusion of this matter, the Commission will issue a recommendation and draft plan for retail

¹ Attachment 1 to the Order contains the Discussion Draft Plan for Retail Billing Service and Issues for Consideration Regarding the Discussion Draft Plan. Attachment 2 to the Order contains the Discussion Draft Plan for Retail Metering Service and Issues for Consideration Regarding the Discussion Draft Plan.

metering and billing services for consideration by the Legislative Transition Task Force.

Accordingly, we are of the opinion and find that: this matter should be docketed; interested persons should be afforded an opportunity to file written comments or request a hearing on the discussion draft plans and issues contained in the Attachments; notice of this Order should be published on one occasion in newspapers of general circulation throughout the Commonwealth, and a copy of this Order and the Attachments should be forwarded to the Registrar of Regulations for publication in the Virginia Register of Regulations;² and notice of this Order should be served on the parties set forth in Appendices A, B, and C appended hereto.

Accordingly, IT IS ORDERED THAT:

(1) This matter shall be docketed and assigned Case No. PUE000346.

(2) On or before July 21, 2000, the Commission's Division of Information Resources shall cause the following notice to be published as classified advertising on one occasion in newspapers of general circulation throughout the Commonwealth:

² An unofficial version of the text of this Order also is available on the Commission's web site at <http://www.state.us.va/scc/orders.htm>.

NOTICE OF COMMENTS REQUESTED BY THE
STATE CORPORATION COMMISSION PURSUANT TO THE
VIRGINIA ELECTRIC UTILITY RESTRUCTURING ACT
ON A DRAFT PLAN FOR AND ISSUES RELATING
TO RETAIL ELECTRIC METERING
AND BILLING SERVICES
CASE NO. PUE000346

The General Assembly enacted § 56-581.1 of the Virginia Electric Utility Restructuring Act (the "Act"), Chapter 23 (§ 56-576 et seq.) of Title 56 of the Code of Virginia (the "Code"), effective July 1, 2000. The statute directs the State Corporation Commission ("Commission") to recommend to the Legislative Transition Task Force, after notice and an opportunity for hearing, whether metering services, billing services, or both, may be provided by persons licensed to provide such services. The Commission is to recommend to the Legislative Transition Task Force "the appropriateness of and date of commencement of" the competitive provision of electric metering or billing services. The statute further directs the Commission to develop a draft plan for implementation to be presented to the Legislative Transition Task Force that may vary by service, type of seller, region, incumbent electric utility, and customer group. The Commission therefore is initiating this proceeding to assist it in developing a recommendation and draft plan.

A copy of the Order Prescribing Notice and Inviting Comments ("Order"), together with discussion draft plans for retail services and issues for which a response is sought (Attachments 1 and 2 to the Order), may be reviewed from 8:15 a.m. to 5:00 p.m., Monday through Friday, in the State Corporation Commission's Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia. Interested persons also may obtain a copy of the Order and the Attachments from the

Commission's website,
<http://www.state.va.us/scc/orders.htm>, or by
directing a written request for a copy of
same to Joel H. Peck, Clerk of the
Commission, at the address set forth below,
and referring to Case No. PUE000346.

Any person who wishes to submit
comments or request a hearing in this matter
shall file an original and fifteen (15)
copies of such comments or request with the
Clerk of the Commission, on or before
August 25, 2000, and shall refer in the
comments to Case No. PUE000346. The
comments shall state the person's interest
in this proceeding. A request for hearing
shall set out in detail why a hearing is
necessary. A request for hearing shall
identify the issues upon which the party
seeks a hearing, the evidence expected to be
offered therein, and should explain why the
issues raised cannot be adequately addressed
in written comments. Should no sufficient
requests for hearing be received, the
Commission may develop a recommendation and
draft plan based upon the filed comments and
without convening a hearing at which oral
testimony is received.

All communications to the Commission
regarding this proceeding shall refer to
Case No. PUE000346, and shall be directed to
Joel H. Peck, Clerk, State Corporation
Commission, c/o Document Control Center,
P.O. Box 2118, Richmond, Virginia 23218.

DIVISION OF ENERGY REGULATION OF
THE STATE CORPORATION COMMISSION

(3) The Commission's Division of Information Resources
shall forthwith cause this Order, together with Attachments 1
and 2 to the Order, to be forwarded to the Registrar of

Regulations for publication in the Virginia Register of Regulations.

(4) The Commission's Division of Information Resources shall file promptly with the Clerk of the Commission proof of the publication of the notices required herein as they become available.

(5) Interested persons may obtain a copy of this Order, together with the Attachments to the Order, by directing a request in writing for the same to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Such requests shall refer to Case No. PUE000346. Interested persons also may obtain a copy of the Order and Attachments from the Commission's website which may be accessed at <http://www.state.va.us/scc/orders.htm>.

(6) A copy of this Order, together with the Attachments hereto, also shall be made available for public review at the Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, during its regular hours of operation, Monday through Friday, from 8:15 a.m. to 5:00 p.m.

(7) On or before August 25, 2000, any interested person who wishes to submit comments or request a hearing on the discussion draft plans or issues set forth in the Attachments hereto shall file an original and fifteen (15) copies of such

comments or request in writing with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Such comments and requests shall refer to Case No. PUE000346. Such comments shall set forth the person's interest in this proceeding. A request for hearing shall set out in detail why a hearing is necessary. A request for hearing should identify with specificity the issues proposed to be addressed at such hearing, the evidence expected to be offered therein, and should explain why the issues raised cannot be adequately addressed in written comments. Should no sufficient requests for hearing be received, the Commission may develop a recommendation and draft plan based upon the filed comments and without convening a hearing at which oral testimony is received.

(9) This matter shall be continued, pending further order of the Commission.

Discussion Draft Plan for Retail Billing Service

Effective January 1, 2002, and coincident with the implementation schedule for electric retail choice licensed competitive energy service providers ("ESPs") are authorized to offer retail customers in the Virginia service territories of incumbent electric utilities ("LDCs"), subject to the conditions and exceptions listed below, one or more of the following three billing options:

1. Separate bills rendered by the ESP and the LDC;
2. Consolidated bill rendered by the LDC; and
3. Consolidated bill rendered by the ESP.

LDCs shall undertake the necessary coordination with ESPs to support each of the retail-billing options, subject to the following conditions and exceptions:

- A. LDCs normally shall be required to support consolidated billing options under "bill-ready"³ and "rate-ready"⁴ protocols.
- B. LDCs shall not be required to provide an LDC consolidated billing option for any retail account that receives services from more than one ESP; nor shall LDCs be required to prorate or provide LDC billing charges for one retail account to more than one ESP for purposes of consolidated ESP billing.
- C. LDCs and ESPs shall not be required to buy or sell receivables in conjunction with consolidated billing options, but may negotiate such arrangements.

³ Consolidated billing under a "bill-ready" protocol requires the non-billing party to calculate its total charges for each customer and to provide that billing information to the billing party for inclusion in allocated space on the customer's bill.

⁴ Consolidated billing under a "rate-ready" protocol requires the non-billing party to provide its rate structure to the billing party, which calculates and includes non-billing party charges on the customer's bill.

- D. LDCs and ESPs may contract with wholesale providers of billing services, but shall retain ultimate responsibility for compliance with relevant Virginia statutes, Commission rules, Commission approved tariffs, established standard business practices, and data exchange protocols governing the provision of retail billing services.
- E. Except as authorized by the Commission, LDCs shall provide no retail billing or billing support services to an affiliated ESP, unless the same such services are offered to all other ESPs under terms and conditions that are no less favorable than those offered to the affiliated ESP.
- F. LDCs shall retain responsibility for the billing and collection of state and local consumption taxes.
- G. The Commission may delay implementation of any element of the plan for the period of time necessary, but no longer than one year, to resolve issues arising from considerations of billing accuracy, timeliness, quality, or consumer readiness. The Commission will report any such delays and the underlying reasons to the Legislative Transition Task Force or the General Assembly within a reasonable time.

**Issues for Consideration Regarding
the Discussion Draft Plan**

Incumbent electric utilities ("LDCs") shall respond and interested parties are invited to respond to the following questions in comments:

1. Does the Discussion Draft Plan for Retail Billing Service satisfy and balance the requirements of the eight specific statutory criteria provided in § 56-581.1 of the Code of Virginia? If not, as specifically as possible, identify and explain each deficiency and propose correcting modifications or alternatives to the Discussion Draft Plan.
2. Does the Discussion Draft Plan promote the overall public interest in the transition of billing practices as part of Virginia's implementation of electric industry restructuring? If not, as specifically as possible and to the extent not addressed in the response to Question 1, identify each deficiency and propose correcting modifications or alternatives to the Discussion Draft Plan. Evaluate each proposed modification or alternative by application of the eight statutory criteria found in § 56-581.1 of the Code of Virginia.
3. Explain whether, and if so to what extent and how, the billing requirements of the Draft Plan to be presented to the Legislative Transition Task Force should vary by service, type of seller, region, incumbent electric utility, and customer group as provided in § 56-581.1 of the Code of Virginia. Consider the eight statutory criteria found in § 56-581.1 of the Code of Virginia.
4. If LDCs are required to support LDC and/or ESP consolidated billing options, should a "bill-ready" protocol, a "rate-ready" protocol, or both protocols be required? Compare these alternatives from both an LDC perspective and an ESP perspective relative to: implementation requirements and cost; on-going administrative operations and cost; potential impacts on bill accuracy, reliability, and timeliness; and the ability of ESPs to enter and participate in Virginia's competitive retail energy supply market.
5. Identify any issues requiring resolution or statutory modification with respect to the continued LDC collection of state and local consumption taxes under the Discussion Draft

Plan and under any proposed modifications or alternatives to the Discussion Draft Plan.

6. With respect to the Discussion Draft Plan, identify and explain any elements that might result in consumer confusion, or risks to billing accuracy, quality, and timeliness. Identify any appropriate risk mitigation measures.
7. Identify and explain any element included in the Discussion Draft Plan that is not technologically feasible.
8. Is there sufficient time for all parties reasonably to perform the necessary implementation activities to meet the January 1, 2002, effective date in the Discussion Draft Plan? Should the schedule for any element of the Discussion Draft Plan be delayed? If so, why and for how long?
9. Each LDC is requested to provide the estimated required length of time to modify and test LDC information systems and processes to accommodate the Discussion Draft Plan.
10. Identify and explain all major policy/implementation issues that must be addressed prior to ESP provision of retail billing service.
11. Identify the major implementation activities that LDCs, the Commission and/or the Staff should undertake along with suggested critical path completion dates in order to meet the January 1, 2002, implementation date included in the Discussion Draft Plan.
12. Explain whether, and if so to what extent and how, the LDC retail billing and collection function should be unbundled from retail rates. With respect to the proposed unbundling methodology, explain how the LDC would be able to recover prudently incurred costs as provided by § 56-581.1 D of the Code of Virginia. Additionally, explain any potential rate impacts on customers taking LDC capped-rate bundled service or default generation service.
13. If as opposed to retail rate unbundling, LDCs were to pay ESPs for ESP consolidated billing and charge ESPs for LDC consolidated billing under Commission-approved tariffs, explain as specifically as possible how such LDC payments and charges should be developed. Should the charge and payment be the same? Why or why not? Would this "wholesale transaction" approach avoid customer confusion by eliminating

billing charges and credits on the retail bill, and by eliminating required manipulations to the "price to compare" benchmark or the regulated price for services that may be offered competitively? Would such an approach require modification to § 56-581.1 F of the Code of Virginia? What are the advantages and disadvantages of such an approach? Should such an approach be considered?

14. Each LDC is requested to provide its total current annual embedded billing and collection costs. Provide such costs on a per customer basis for large commercial/industrial customers, medium size commercial customers, and small commercial/residential customers. Identify the corporate activities comprising the billing and collection function that result in these costs. Would any of these costs be avoided by the LDC under any of the billing options in the Discussion Draft Plan? Why or why not?
15. Under the assumption that the LDC must provide a consolidated retail bill in the absence of further General Assembly action, each LDC is requested to provide the estimated incremental cost impact of such a requirement on the responses provided to Question 14. Identify the source of such incremental costs.
16. Each LDC is requested to provide the estimated incremental cost impacts on the combined responses provided to Questions 14 and 15, that would result from required LDC support of the two additional retail billing options in the Discussion Draft Plan (i.e., separate LDC and ESP billing and ESP consolidated billing). Identify the source of such incremental costs.

Discussion Draft Plan for Retail Metering Service

Effective January 1, 2003, and coincident with the implementation schedule for electric retail choice, licensed energy service providers ("ESPs") are authorized to offer and provide metering service to non-residential retail customers with peak loads of 50 kW or more in the Virginia service territories of incumbent electric utilities ("LDCs"), subject to the conditions and exceptions listed below.

Effective January 1, 2004, licensed ESPs are authorized to offer and provide metering service to retail customers in the Virginia service territories of LDCs, subject to the conditions and exceptions listed below.

Retail metering service includes:

1. Provision of the electric meter including meter sale or rental;
2. Physical metering service including meter installation, removal, maintenance, repair, calibration, and testing; and
3. Meter information service including data collection, processing (validation, editing, and estimation), storage, and communication.

LDCs shall undertake the necessary coordination with ESPs to support ESP provision of retail metering service, subject to the following conditions and exceptions:

- A. Upon satisfying any applicable disclosure requirements, ESPs may sell or coordinate the sale of electric metering devices that comply with applicable standards to retail customers. While retail customer-owned metering devices may be deployed, physical metering service and meter information service must be provided by the customer's ESP or LDC.
- B. If the ESP elects to provide retail metering service, the ESP is responsible for the provision of all components of retail metering service as defined above, except for the provision of the meter when the retail customer already owns a meter that complies with applicable standards.

- C. LDCs shall provide all components of retail metering service if the ESP elects not to provide such service, except for the provision of the meter when the retail customer already owns a meter that complies with applicable standards.
- D. LDCs and ESPs may contract with wholesale providers of metering services, but shall retain ultimate responsibility for compliance with applicable Virginia statutes, Commission rules, Commission approved tariffs, established standard business practices, and data exchange protocols governing the provision of retail metering service.
- E. LDCs shall maintain a meter tracking system for all meters within their service territory and shall conduct annual site inspections for each metering location within their service territory. ESPs providing retail metering service shall comply with applicable requirements for the reporting of meter information to the LDC.
- F. The metering party will provide for the reasonable accommodation of meter tests upon request by the retail customer, the non-metering party (LDC or ESP), or the Commission Staff. The requesting party may witness such meter tests.
- G. Except as authorized by the Commission, LDCs shall provide no metering services to an affiliated ESP unless the same such services are offered to all other ESPs under terms and conditions that are no less favorable than those offered to the affiliated ESP.
- H. The Commission may delay implementation of any element of this plan for the period of time necessary, but no longer than one year, to resolve issues arising from considerations of metering safety, accuracy, timeliness, quality, or consumer readiness. The Commission will report any such delays and the underlying reasons to the Legislative Transition Task Force or the General Assembly within a reasonable time.

**Issues for Consideration Regarding
the Discussion Draft Plan**

Incumbent electric utilities ("LDCs") shall respond and interested parties are invited to respond to the following questions in comments:

1. Does the Discussion Draft Plan for Retail Metering Service satisfy and balance the requirements of the eight specific statutory criteria as provided in §56-581.1 of the Code of Virginia? If not, as specifically as possible, identify and explain each deficiency and propose correcting modifications or alternatives to the Discussion Draft Plan.
2. Does the Discussion Draft Plan promote the overall public interest in transitioning metering practices as part of Virginia's implementation of electric industry restructuring? If not, as specifically as possible and to the extent not addressed in the response to Question 1, identify each deficiency and propose correcting modifications or alternatives to the Discussion Draft Plan. Evaluate each proposed modification or alternative by application of the eight statutory criteria found in § 56-581.1 of the Code of Virginia.
3. Explain whether, and if so to what extent and how, the metering requirements of the Draft Plan to be presented to the Legislative Transition Task Force should vary by service, type of seller, region, incumbent electric utility, and customer group as provided in § 56-581.1 of the Code of Virginia. Consider the eight statutory criteria found in § 56-581.1 of the Code of Virginia.
4. Should any service component(s) included in the Discussion Draft Plan definition of retail metering service be excluded? Explain the justification for excluding such service component(s) based on the eight statutory criteria found in § 56-581.1 of the Code of Virginia. Explain the practical impact of such exclusion on the ability of the ESP to provide retail metering service.
5. Identify any service component(s) that should be added to the Discussion Draft Plan definition of retail metering service. Explain the justification for including such service component(s) based on the eight statutory criteria found in § 56-581.1 of the Code of Virginia. Explain the practical

impact of such inclusion on the ability of the ESP to provide retail metering service.

6. Explain whether all retail customers, customers with loads above a certain size, or no retail customers should be allowed to purchase and own their meters? Identify the advantages, disadvantages, and all key issues associated with retail customer ownership of the meter.
7. Should the Discussion Draft Plan definition of retail metering service include identified physical metering service components? Identify the advantages, disadvantages, and all key issues associated with the inclusion of physical metering service components.
8. Should the Discussion Draft Plan definition of retail metering service include identified metering information service components? Identify the advantages, disadvantages, and all key issues associated with the inclusion of metering information service components.
9. With respect to the Discussion Draft Plan, identify and explain any elements that might result in consumer confusion, or risks to safety or metering accuracy. Identify any appropriate risk mitigation measures.
10. Identify and explain any element included in the Discussion Draft Plan that is not technologically feasible.
11. What metering-related responsibilities, if any, should LDCs retain if ESPs are authorized to provide retail metering services? For example: Should LDCs be required to maintain meter tracking information systems and perform annual site inspections to minimize energy diversion opportunities? Should LDCs be required or have the right to inspect ESP meter installations? If so, who should absorb this cost? Should LDCs be required to provide ESPs with meter worker training and certification?
12. If ESPs provide retail metering service, what specific rights and obligations should the LDC retain to ensure accurate and reliable metering? For example, should LDCs have the right or responsibility to periodically perform reasonable audits of ESP metering processes to ensure accurate and reliable metering for LDC billing purposes?

13. When LDCs provide retail metering service, what specific rights and obligations should the ESP have to ensure accurate and reliable metering? For example, should ESPs have the right or responsibility to periodically perform reasonable audits of LDC metering processes to ensure accurate and reliable metering for ESP billing purposes?
14. Identify activities the commenter believes the Commission should perform with respect to retail metering oversight. For each activity, explain the necessity of regulatory intervention and describe the programs and resources required to effectively accomplish the activity.
15. Is there sufficient time for all parties reasonably to perform the necessary implementation activities to meet the January 1, 2003, and January 1, 2004, effective dates in the Discussion Draft Plan? Should the schedule for any element of the Discussion Draft Plan be advanced or delayed? If so, identify the specific element(s) of the plan. Explain how and why the schedule should be modified.
16. Each LDC is requested to provide the estimated length of time required to modify and test LDC information systems and processes to accommodate the Discussion Draft Plan for Retail Metering Service.
17. Identify and explain all major policy/implementation issues that must be addressed prior to ESP provision of retail metering service.
18. Identify the major activities that LDCs, the Commission, and/or the Staff should undertake along with suggested critical path completion dates in order to meet the January 1, 2003, and January 1, 2004, implementation dates included in the Discussion Draft Plan. Identify any key concerns regarding the ability to meet those dates.
19. Explain whether, and if so to what extent and how, the LDC retail metering function should be unbundled from retail rates. With respect to the proposed unbundling methodology, explain how the LDC would be able to recover prudently incurred costs as provided by § 56-581.1 D of the Code of Virginia. Additionally, explain any potential rate impacts on customers taking LDC capped-rate bundled service or default generation service.

20. If, as opposed to retail rate unbundling, LDCs were to pay ESPs for the provision of retail metering service under Commission-approved tariffs, explain as specifically as possible how such LDC payments should be developed. Would this "wholesale transaction" approach avoid customer confusion by eliminating additional billing charges and credits on the retail bill, and by eliminating required manipulations to the "price to compare" benchmark or the regulated price for services that may be offered competitively? Would such an approach require modification to § 56-581.1 F of the Code of Virginia? Should such an approach be considered?
21. Under the Discussion Draft Plan, identify metering costs that could be avoided by the LDC when the ESP provides retail metering service. For each identified avoidable cost, each LDC is requested to estimate the average avoidable costs on a per-meter-read basis for a large commercial/industrial customer, a medium size commercial customer, and a small commercial/residential customer.
22. Each LDC is requested to provide its total current annual embedded metering costs. Provide such costs on a per-customer basis, for large commercial/industrial customers, medium size commercial customers, and small commercial/residential customers. Identify the corporate activities comprising the metering function that result in these costs.